



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 7, 2000

H.R. 4148 **Tribal Contract Support Cost Technical Amendments of 2000**

As ordered reported by the House Committee on Resources on June 28, 2000

SUMMARY

H.R. 4148 would change the way contracts and contract support costs are funded under the Indian Self Determination Act. Because such contract costs and contract support costs would no longer be subject to appropriation, CBO estimates that enacting the bill would increase direct spending by \$11 billion over the 2001-2005 period. This change could reduce the need for appropriated funds for contracts and support costs under the Indian Self Determination Act. Because the bill would affect direct spending, pay-as-you-go procedures would apply. H.R. 4148 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 4148 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development) and 550 (health).

	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	2,126	2,252	2,366	2,480	2,602
Estimated Outlays	1,594	2,139	2,307	2,445	2,566

BASIS OF ESTIMATE

Under the Indian Self Determination Act, Indian tribes are authorized to enter into contracts with the Indian Health Service (IHS) and the Bureau of Indian Affairs (BIA) to directly implement federal programs and services that would benefit Indians. In addition, the agencies provide the tribes with funding for contract support costs, including the costs of facilities, equipment, legal services, and salaries. All such funding is subject to the availability of appropriated funds. Based on information from BIA and IHS, we estimate these agencies will spend about \$2 billion in 2000 to fund contracts and contract support costs under the Indian Self Determination Act. H.R. 4148 would authorize IHS and BIA to provide funding to tribes for contracts and contract support under the Indian Self Determination Act without further appropriation action.

Direct Spending

Because the costs for Indian Self Determination contracts would not be constrained by the availability of appropriated funds, CBO expects that tribes would have a greater incentive to contract with the agencies than they do under current law. Therefore, CBO expects that under the bill the number of tribes that contract with BIA and IHS for Indian services would increase and that tribes would be more likely to enter into multiple contracts with the agencies. CBO estimates that enacting the bill would increase direct spending by about \$9 million over the five-year period for the cost of the contracts between the tribes and the agencies.

Historically, the Congress has appropriated about 85 percent of the amounts necessary to fully fund contract support costs. H.R. 4148 would require IHS and BIA to fund contract support costs at 100 percent of the rate negotiated by the tribes and the agencies. The bill also would require BIA to provide tribes with certain contract support that the agency does not currently provide. Based on information from IHS and BIA, CBO estimates that it would cost \$2 billion over the 2001-2005 period to provide the required level of contract support.

Spending Subject to Appropriation

Based on historical data from IHS and BIA, CBO estimates that contracts under the Indian Self Determination Act will cost nearly \$1.6 billion in fiscal year 2000 and that the agencies' budget requests are likely to increase, under current law, by about 3 percent each year. In addition, we estimate that contract support costs are currently funded at about \$350 million a year, or about 22 percent of the total contract costs. Because H.R. 4148 would reduce or eliminate the need for appropriations to support these programs, CBO expects that enactment

of the bill would lead to a significant reduction in appropriated funds to BIA and IHS. Any such savings, however, would be subject to future appropriation acts.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	1,594	2,139	2,307	2,445	2,566	2,693	2,828	2,969	3,113	3,268
Changes in receipts	Not applicable										

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4148 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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